

# BLACK RIDGE

OIL & GAS

August 2016 Update



# Summary

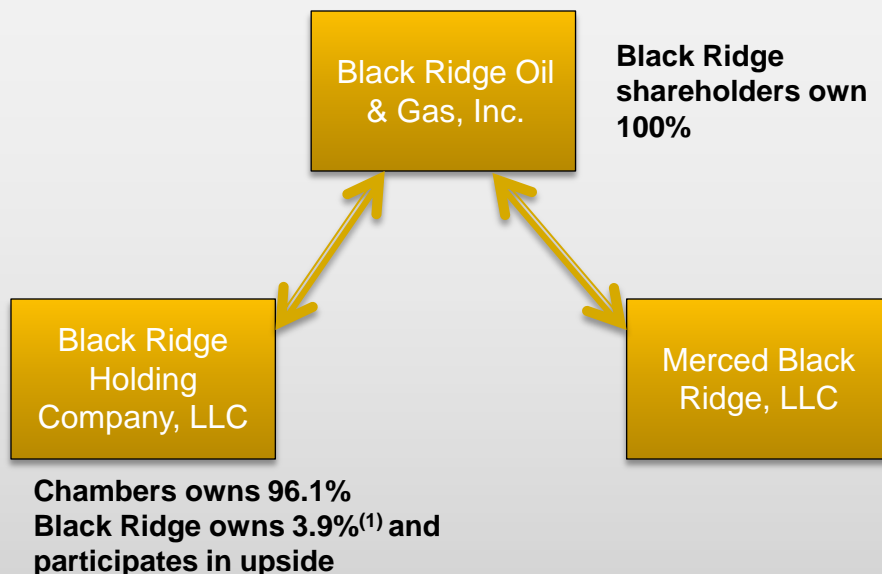
- ◆ Closed debt restructuring agreement on June 21, 2016
- ◆ Company focused on asset management business and partnering with investment sponsors to acquire oil and gas assets, energy loans and provide capital for oil and gas drilling / completion projects

# New Black Ridge Structure

## ◆ Black Ridge Oil & Gas, Inc.

- ◆ Remains a public company
- ◆ Strategy shifts from asset owner to asset manager
- ◆ Company is debt free with limited physical assets initially within Black Ridge
- ◆ Company receives short term income from management fees from the various joint ventures (Black Ridge Holding Company, LLC initially; Merced Black Ridge, LLC and others as acquisitions are made)
- ◆ Current management fee income is \$2 Million per year
- ◆ Long term equity value growth is achieved as asset values increase during the expected oil price recovery and from asset profits after partner capital and hurdles are met
- ◆ Company maintains net operating loss carryforwards of \$24 Million

## Corporate Structure



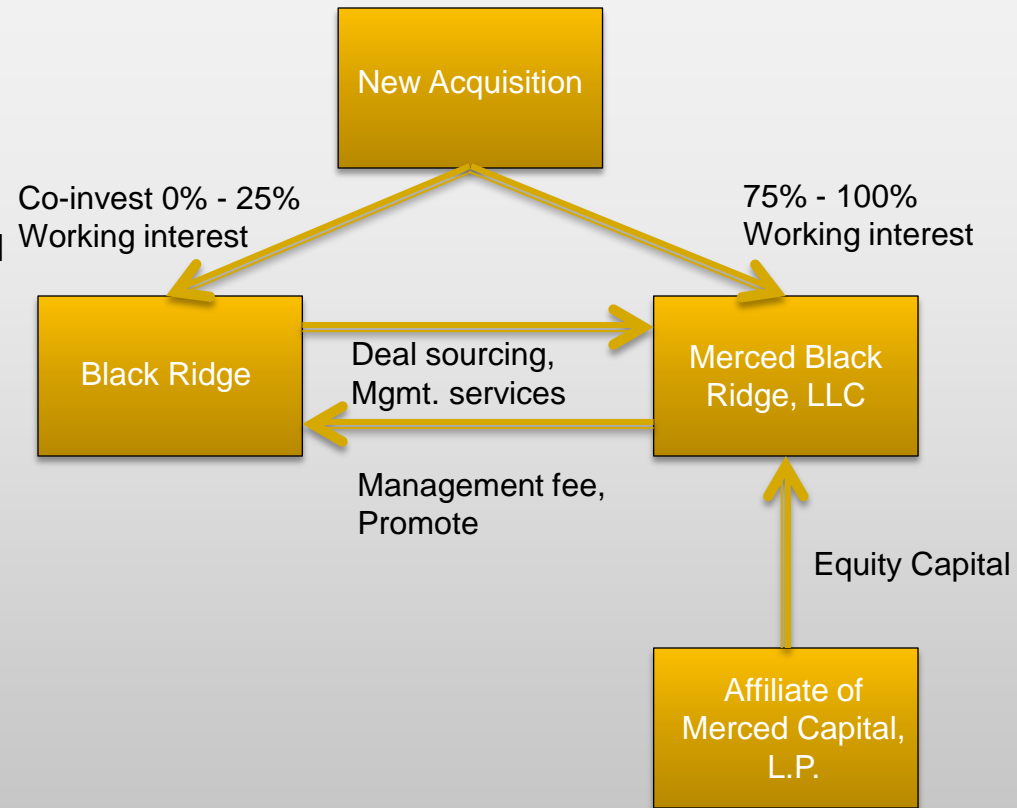
**Restructured Black Ridge is debt free with significant upside potential via acquisitions of distressed assets**

<sup>(1)</sup> Equity splits include additional \$10MM Chambers investment at close, but do not include potential dilution from any additional Chambers capital commitments

# Merced Black Ridge Partnership

- ◆ **Merced Black Ridge, LLC formed July 2015**
  - ◆ Merced provides equity capital
  - ◆ Capital used to acquire / develop non-operated assets in all US onshore basins
  - ◆ Black Ridge will source deals and manage day to day business
  - ◆ Black Ridge will receive management fee and participation in entity profits once investor hurdles are met
- ◆ **Strategic rationale for Black Ridge**
  - ◆ Structure is non-dilutive to existing shareholders
  - ◆ Potential to achieve significant equity returns with its share of partnership profits
  - ◆ Option to co-invest in high return projects for up to 25% working interest (held directly in Black Ridge)
  - ◆ Creates a long-term partnership that is scalable and repeatable

## Transaction Structure



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